

ODP 81-289
5 MAR 1981

MEMORANDUM FOR: Deputy Director for Administration

FROM: Bruce T. Johnson
Director of Data Processing

SUBJECT: System Specifications for New Payroll System

1. At the close of our meeting on Wednesday, 25 February, during which [redacted] and I gave you a briefing on the allocation of ODP's applications development resources, we discussed what should be done about the pressing need for a new payroll system for the Office of Finance. As we understand your position:

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a. Work should begin as soon as possible on the specifications for such a system.

b. The specifications should be developed by a joint ODP/OF team of four to six officers who will need six to eight months to do the job.

c. As they develop detailed specifications, the team should also conduct a survey of existing payroll systems to determine the extent to which time and effort can be saved by buying software to solve at least part of the total problem.

2. Discussions are on-going with Ed Sherman about the designation of members for the system specification team. We propose to house the team [redacted] where they will be under the general supervision of the Chief of C Division, ODP, where the payroll maintenance work is carried out. Sherman and I have agreed that our target date for completion of the project will be October 1981.

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[redacted]
Bruce T. Johnson

cc: D/OF
IHSA
DD/A/ODP

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Date

10 February 1981

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REMARKS

Bill,

In preparation for the Thursday meeting with Ed Sherman and Bruce Johnson on the OF payroll issue, Ed Sherman forwarded the attached study that OF performed. Carol and I reviewed it and generated a background paper for your use.

As Carol puts it, "...the problem here is a failure to communicate" This problem is not ready for major resource consideration, nor is it ready for review at your level. Our paper attempts to provide a background and explain why.

(over)

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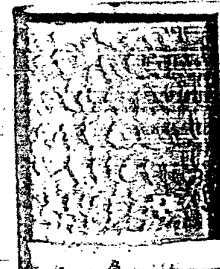
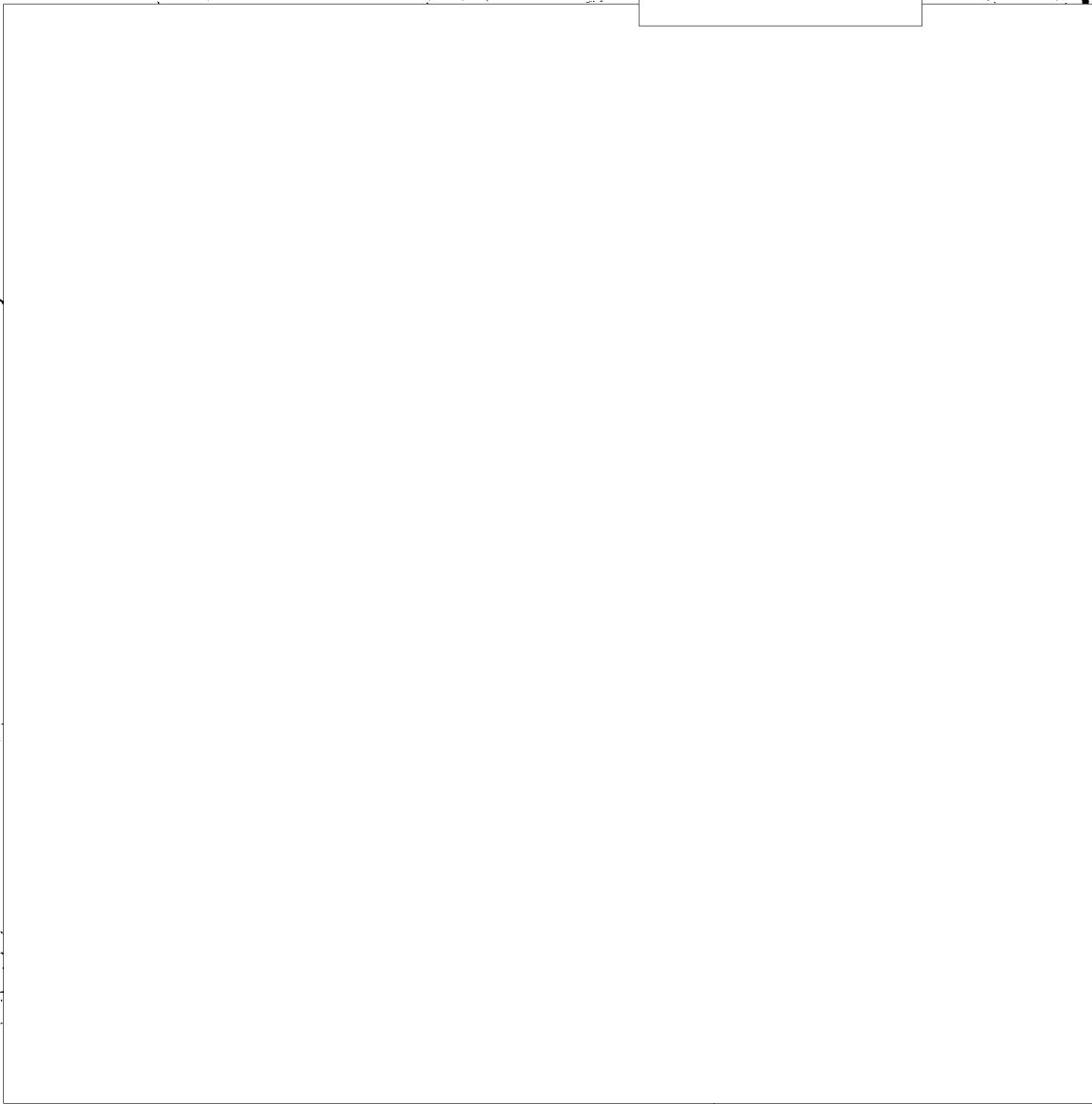
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We are available to discuss this with you at
your convenience.



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BACKGROUND

The Office of Finance has identified a series of payroll or payroll-related requirements that cannot be satisfied by current automated systems. These requirements -- for increased automated support -- have been discussed on several levels for the past several months. The need was most recently surfaced to you during the last quarterly Finance Management Conference, after which you asked Bruce Johnson to explore his available alternatives and brief you on them.

In preparation for the meeting Thursday, 12 February, Finance forwarded the attached "Payroll System Study", dated January 1981. We have reviewed this document. In the process of our review, we asked ODP for a copy of the study they performed in response to Finance's original request. We received it and reviewed it as a part of this exercise too.

GENERAL CONCLUSIONS: ODP Study

- OF asked ODP, in March 1980, to analyze and evaluate the need to develop a new Biweekly Payroll System. OF forwarded a list of 46 general requirements, and the ODP study evaluated each item to determine if: it could be incorporated into the present system; would require a complete rewrite of the current system; or was feasible to automate at all. As stated, the purpose of the study was NOT to write requirements for a new system but to evaluate the current system in light of additional requirements.
- ODP estimated that the complete development of a new payroll system, inclusive of all presently automated functions and all newly-stated requirements, would fully occupy 15 to 25 analysts for some 5 to 7 years.
- ODP recommended, on the other hand, a phased development approach to a new system using salvageable pieces of the current system. Timing estimates on this approach to satisfying OF requirements were not provided, but by implication would exceed 5 to 7 years.
- ODP's recommendation to pursue a phased development approach seems to be based at least partly on constrained resource considerations.

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- ODP also recommended that "strong consideration should be given to the design of a separate financial management information system ... to aid in satisfying OF reporting requirements" That is, ODP is suggesting that a distinction be made between pure payroll requirements and associated management reporting requirements, and that the reporting requirements be addressed in a separate computer system.

GENERAL CONCLUSIONS: OF STUDY

- The OF study states that the objectives of a new payroll system are to:
 - o Utilize all interface capabilities
 - o Develop new or expand automated techniques to reduce manual operations
 - o Provide flexibility for future changes
 - o Provide needed statistical information
- The January 1981 OF study puts forth 15 "conceptual design proposals" -- which correlate directly to the original 46 new requirements articulated in March 1980 -- for a new payroll system.
- The memo accompanying the January 1981 OF study recommends to the Director of Finance that ODP and OF jointly proceed with a preliminary design study for a new payroll system.
- The same OF study claims a savings of 12.5 man-years in OF manual operations and ODP system maintenance. No projection for OF operation or ODP maintenance of the new system is provided. No projection for relative effect on other Agency components (e.g., T&A clerks) is made.

POINTS OF OF/ODP AGREEMENT:

- Both offices seem to agree that the current payroll system effectively computes pay but leaves many operations to be done manually, requires a considerable amount of resources to maintain, and is incapable of satisfying

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most management information reporting requirements tasked of OF.

POINTS OF OF/ODP DISAGREEMENT:

- ODP favors a phased approach to satisfying OF requirements, while OF favors the immediate development of a new system.
- ODP's study recommends that some of OF's requirements NOT be automated, while OF is unpersuaded.
- ODP recommends consideration of a financial management information system, separate and apart from the payroll system, to generate required management reports. OF wants them both to be part of the new Payroll System.

ISSUES

The normal administrative procedures in data processing requests such as this one are:

- 1) The customer (OF) requests that ODP perform an analysis of stated requirements. This was done. The September 1980 ODP Study is the product of such a request.
- 2) The customer then examines the ODP analysis and makes judgments on the necessity of continuing to pursue each of the requirements.
- 3) If the customer formally revalidates the requirement(s), then ODP is requested to begin follow-on procedures for new development. The first of these procedures involves conducting a feasibility study for the new system.

The disjuncture in this particular situation seems to have occurred in step 2. At this point (step 2) in the process, ODP and the customer normally negotiate their differences and agree upon a compromise set of formal requirements. Rather than sit down with ODP, OF apparently decided to undertake a study (January 1981, attached) of the ODP study. The Finance study basically reaffirmed all of its 46 original requirements, even those that ODP recommended NOT be automated. Disagreements at this point in the process are the norm,

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not the exception. The disagreements that ODP and OF are facing at this time should be resolved at the Ed Sherman/Bruce Johnson level and not at your level. Until the two offices can develop a better understanding of each other's problems and come to some common understandings on what can and cannot be accomplished, within reason, no developmental resource decisions should be made, either by you or by ODP.

RECOMMENDATION: The two offices should begin working together and commit the resources necessary to generate a formal feasibility study of the OF requirements. The study should be performed under ODP direction. It should result in at least the following:

- a description of agreed-upon requirements;
- descriptions of alternatives to the development of a new system or enhancement of the current system, complete with resource estimates for each; and
- an ODP recommended solution for the requirements based on its technical judgement and knowledge of current capabilities.

OF's recommendation for a 6-month preliminary design study is premature and inappropriate pending the outcome of the feasibility study. Any design done with the kind of dissention that currently exists is courting disaster.

Upon completion of the feasibility study OF and ODP should report back to you, at which time you can consider requests for extraordinary resources.